

29 JUL 1980

OFFICE OF FINANCE NOTICE NO. 32-80

SUBJECT: Lapsed Year Obligations of Other Government Agency Funds

REFERENCE: OFN 31-80 dated 29 July 1980

1. Every year the Office of Finance asks all offices to review obligations in prior year accounts with the intent of eliminating these entries if there is reason to believe they are no longer valid. These reviews are applicable to all obligations whether they be Agency generated and internally executed or attributable to services performed by other Government agencies. With respect to the latter type of obligation, we have never been able to wash out these obligations without a specific review of each item in full detail so as to permit the servicing agency to track the item through its own accounting system. CIA components and servicing agencies are unwilling to devote the necessary effort to this matter.

2. As an alternative to a full review procedure, each office will in their review prior to the end of each fiscal year deobligate all prior year unliquidated obligations for services ostensibly rendered by another agency for which no billing has been received unless there is sufficient reason to believe that we are likely to receive a billing for that service sometime in the future. This deobligation guidance applies only to accounts that have been in the lapsed "M" account for at least two full years. For example, in FY 1980 all offices will cancel certain unliquidated obligations in the FY 1975 and prior year accounts; in FY 1981 certain obligations for the FY 1976 account will be deobligated, etc. An annual certification of review will be made to the Assistant Director for Liaison by each office indicating which obligations are to be deobligated. ADL will review these items to insure that the Office of Finance has no reason to expect billing and will concur/nonconcur in the proposed deobligation. The office certification supported by ADL's advice will be used as supporting documentation for the annual deobligation. It is envisioned that this action will take place during the July/August time frame of each year.

3. Inherent in this notice is the recognition by the Director of Finance that the decision to deobligate is a judgment call by each Budget and Fiscal Officer. Some of the factors involved in the treatment of prior year obligations are:

a. Cover factor might dictate against requesting information from the other Government agency (OGA).

b. Billing history of the OGA.

c. The amount of unliquidated obligation might be too small to pursue with the OGA.

d. Cost effectiveness of researching the item by both CIA and the OGA.

e. Consequences of receipt of a large bill previously deobligated.

4. This notice is effective upon receipt.